



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

April 14, 2017

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 1st Regular Session, which I signed on April 14, 2017:

HB 2070 - life settlement contracts; broker licenses
HB 2244 - initiatives; standard of review; handbook
HB 2386 - insurance; advertising; filing requirements

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

House Engrossed
FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 150
HOUSE BILL 2070

AN ACT

AMENDING SECTION 20-3202, ARIZONA REVISED STATUTES; RELATING TO LIFE
SETTLEMENT CONTRACT BROKERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-3202, Arizona Revised Statutes, is amended to
3 read:

4 20-3202. Licensure; requirements

5 A. Except as otherwise provided in this section, a person shall not
6 act as a provider or broker with any owner who is a resident of this state
7 unless the person obtains a certificate of authority or license pursuant
8 to this section.

9 B. An applicant for a provider certificate of authority shall
10 submit an application to the director on a form prescribed by the
11 director. The application shall be accompanied by a fee in an amount
12 established by the director.

13 C. The applicant for a provider certificate of authority shall
14 provide all of the information required by the director. The director, at
15 any time, may require an applicant to fully disclose the identity of its
16 PARTNERS, OFFICERS, EMPLOYEES AND stockholders except for stockholders
17 owning ~~fewer~~ LESS than ten ~~per cent~~ PERCENT of the shares of an applicant
18 whose shares are publicly traded, ~~partners, officers and employees~~. The
19 director, at the director's sole discretion, may refuse to issue a
20 certificate of authority in the name of any person if the director is not
21 satisfied that any officer, employee, stockholder or partner who may
22 materially influence the applicant's conduct meets the requirements of
23 this chapter.

24 D. A provider certificate of authority issued to a partnership,
25 corporation or other entity authorizes all members, officers and
26 designated employees to act as a provider under the certificate of
27 authority if those persons are named in the application and any
28 supplements to the application.

29 E. The director shall require that:

30 1. A provider submit a detailed plan of operation.

31 2. If the applicant for a provider certificate of authority is a
32 legal entity, it be formed or organized pursuant to the laws of this state
33 or, if it is a foreign legal entity, it be authorized to transact business
34 in this state or provide a certificate of good standing from the state of
35 its domicile.

36 3. The applicant for a provider certificate of authority provide an
37 antifraud plan that meets the requirements of section 20-3211 and that
38 includes a description of:

39 (a) The procedures for detecting and investigating possible
40 fraudulent acts and for resolving material inconsistencies between medical
41 records and insurance applications.

42 (b) The procedures for reporting fraudulent insurance acts to the
43 director.

44 (c) The plan for antifraud education and training of its
45 underwriters and other personnel.

46 (d) A written description or organizational chart of the antifraud
47 personnel who are responsible for the investigation and reporting of

1 possible fraudulent insurance acts and the investigation of unresolved
2 material inconsistencies between medical records and insurance
3 applications.

4 F. A producer that is licensed in this state with a life line of
5 authority shall:

6 1. Be deemed to meet the licensing requirements of this section and
7 be permitted to operate as a broker.

8 2. Within the first thirty days of operating as a broker, notify
9 the director, on a form prescribed by the director, that the producer is
10 acting as a broker. Notification shall include an acknowledgement by the
11 life insurance producer that the producer will operate as a broker
12 pursuant to this chapter.

13 3. Pay any applicable fee as determined by the director.

14 ~~G. Broker licenses may be renewed every four years on the~~
15 ~~anniversary date and payment of~~ A BROKER MAY RENEW A LICENSE BY PAYING the
16 renewal fee ~~shall be made~~ in an amount established by the director. THE
17 EXPIRATION DATE OF THE BROKER AUTHORITY SHALL COINCIDE WITH THE EXPIRATION
18 DATE OF THE LIFE LINE OF AUTHORITY AS SET FORTH IN SECTION 20-289.

19 H. The director may not issue a license to any nonresident
20 applicant unless a written designation of an agent in this state for
21 service of process is filed and maintained with the director or unless the
22 applicant has filed with the director the applicant's written irrevocable
23 consent that any action against the applicant may be commenced against the
24 applicant by service of process on the director.

25 I. A provider may not use any person to perform the function of a
26 broker unless the person holds a valid license as a broker pursuant to
27 this section.

28 J. A broker may not use any person to perform the functions of a
29 provider unless the person holds a valid license as a provider pursuant to
30 this section.

31 K. A provider or broker shall submit to the director any new or
32 revised information concerning individuals required to be disclosed
33 pursuant to subsection ~~F~~ C of this section within thirty days of any
34 change.

35 L. A person who is licensed as an attorney or a certified public
36 accountant, who is retained to represent the owner and whose compensation
37 is not paid directly or indirectly by the provider or purchaser may
38 negotiate a life settlement contract on behalf of the owner without having
39 to obtain a license as a broker.

40 M. The insurer that issued the policy and that is the subject of a
41 life settlement contract is not responsible for any act or omission of a
42 broker or provider or a purchaser arising out of or in connection with the
43 life settlement transaction unless the insurer receives compensation for
44 the placement of a life settlement contract from the provider, broker or
45 purchaser in connection with the life settlement contract.

APPROVED BY THE GOVERNOR APRIL 14, 2017

Passed the House February 2, 20 17

Passed the Senate April 13, 2017

by the following vote: 59 Ayes,

by the following vote: 29 Ayes,

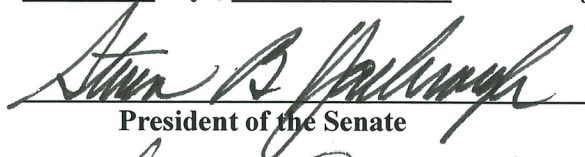
0 Nays, 1 Not Voting

0 Nays, 1 Not Voting


Speaker of the House

☐ Pro Tempore


Chief Clerk of the House


President of the Senate


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

13th day of April, 20 17

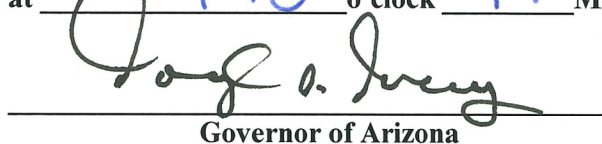
at 2:28 o'clock P. M.


Secretary to the Governor

Approved this 14th day of

April, 2017

at 4:13 o'clock P. M.


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 14 day of April, 20 17

at 4:32 o'clock P. M.


Secretary of State

H.B. 2070